

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN THE MATTER OF THE
APPLICATION OF ADIDAS AG FOR AN
ORDER OF ATTACHMENT IN AID OF
ARBITRATION

Misc. No.: 22-mc-320-VEC

**DECLARATION OF PETER D.
HAWKES IN SUPPORT OF
RESPONDENTS' MEMORANDUM IN
OPPOSITION TO PETITIONER'S
MOTION FOR TEMPORARY
RESTRAINING ORDER**

I, Peter D. Hawkes, declare as follows:

1. I am an attorney at the Angeli Law Group in Portland, Oregon, which represents Respondents Ye; Yeezy, LLC; Yeezy Marketing LLC; and Yeezy Footwear LLC (collectively, "Yeezy" or "Respondents") in this proceeding. I make this declaration in support of Yeezy's Opposition to Petitioner's Motion for Temporary Restraining Order. The statements contained herein are made upon my personal knowledge. If called as a witness, I would and could competently testify as set forth herein.

2. Attached as Exhibit 1 is a true and correct copy of Yeezy's Counterclaim Demand for Arbitration (without exhibits) in the matter of *adidas AG v. Yeezy, LLC, et al.*, JAMS Ref. No. 5160000300.

3. Attached as Exhibit 2 is a true and correct copy of the Class Action Complaint for Violations of the Federal Securities Laws filed in *HRSA-ILA Funds v. adidas AG, et al.*, U.S. District Court for the District of Oregon Case No. 3:23-cv-00629-IM.

4. Attached as Exhibit 3 is a true and correct copy of an article posted on Yahoo! News on May 25, 2023, which is available at <https://news.yahoo.com/nike-execs-warned-adidas-kanye-133309824.html>.

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I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 28, 2023, in Camas, Washington.



Peter D. Hawkes

EXHIBIT 1

**JUDICIAL ARBITRATION AND MEDIATION
SERVICES**

adidas AG

Claimant,

v.

YEEZY, LLC et al.

Respondent.

JAMS Ref No. 5160000300

**YEEZY, LLC; YEEZY MARKETING
LLC; YEEZY FOOTWEAR LLC; and
YE, formerly known as KANYE WEST,**

Counterclaimant,

v.

adidas AG,

Counterclaim Respondent.

COUNTERCLAIM DEMAND FOR ARBITRATION

I.

PRELIMINARY STATEMENT

1. Counterclaimants Yeezy, LLC, Yeezy Marketing LLC, Yeezy Footwear LLC and Ye, formerly known as Kanye West (hereinafter collectively referred to as “Yeezy”), brings this arbitration counterclaim demand to stop Counterclaim Respondent adidas, AG (“adidas”) from [REDACTED]

[REDACTED] and disrespecting the creative force behind Yeezy, music and fashion artist Ye (fka Kanye West).

2. Born from Ye’s visionary embrace of futurism and organic aesthetics, the eponymous Yeezy footwear line reflects Ye’s life work and growth as an artist in America. In developing each shoe, Ye draws creative inspiration from his own experiences, including his childhood memories with his mother at the movies, his deeply held Christian faith, and his appreciation of history and vintage materials. Recalling one experience where, as a young boy, he was prohibited from touching a Lamborghini, Ye has described each of his shoes as representing that combination of high design and desire: “it’s a spirit...translated into these mini vehicles.”¹ Today, the Yeezy brand has captured the marketplace and created an unprecedented footwear frenzy.

3. As Yeezy’s contractual partner in the design and distribution of Yeezy footwear for the past several years, adidas has earned billions in revenues and gained a new generation of devotees. But adidas’s greed and opportunism have no bounds.

[REDACTED]

[REDACTED]

[REDACTED]

¹ See <https://youtu.be/Jbgkk1eVHaM>.

4. The background facts that led to this dispute are undisputed and overwhelmingly support Yeezy's claims for relief. In 2017, Yeezy and adidas entered into a licensing agreement (the "2017 Agreement") for adidas to create and sell footwear based on designs Ye created and using Ye's trademarks and likeness. [REDACTED]

[REDACTED] Based on Ye's highly original and immensely popular designs and Yeezy's well-developed brand recognition, the 2017 Agreement has resulted in enormous revenues for adidas.

5. [REDACTED]

[REDACTED]	[REDACTED]
 <p data-bbox="402 1499 583 1535">Yeezy Slide</p>	 <p data-bbox="943 1499 1297 1535">adidas Adilette 22 Slide</p>



Yeezy Foam Runner



adidas adiFOM Q

6.

[REDACTED]

7.

[REDACTED]

8.

[REDACTED]

THE PARTIES

9. Counter Claimant Yeezy, LLC, Ye's fashion brand, is a limited liability company organized and existing under the laws of Delaware, with its principal place of business at 6 Centerpointe Dr, Ste 620, La Palma, California 90623. Ye is the managing member of Yeezy.

10. Counter Claimant Yeezy Marketing LLC is a Wyoming limited liability company located at 63 Neilson Road, Cody, Wyoming.

11. Counter Claimant Yeezy Footwear, LLC is a Wyoming limited liability company located at 63 Neilson Road, Cody, Wyoming.

12. Counter Claimant Ye, formerly known as Kanye West, is an individual.

13. Counterclaim Respondent adidas AG is a German corporation organized and existing under the laws of Germany, with its principal place of business at Adi-Dassler-Str. 1 91074, Herzogenaurach, Bayern, Germany.

STATEMENT OF ARBITRABILITY

14. Pursuant to the 2017 Agreement, the parties have agreed to submit to arbitration in Portland, Oregon, in accordance with the Comprehensive Arbitration Rules and Procedures of JAMS. (Ex. 1 (2017 Agreement, at ¶ 46(B).)

FACTUAL ALLEGATIONS

A. Ye's Rise To Superstardom As A Musician

15. Ye is an internationally renowned Grammy Award-winning musical artist, performer, media-company owner, inventor, songwriter, producer, and fashion designer. Ye has been described by multiple sources as one of the most acclaimed artists of the 21st century.

16. Ye was born in Atlanta to a Christian counselor father and English professor mother. As a youth, Ye was raised by his mother in Chicago's working-class South Shore neighborhood, where he began immersing himself in the South Side's hip-hop scene.

17. From those roots, Ye developed into a unique and fearless artist. Though Ye originally won a scholarship to study at Chicago's American Academy of Art, he later dropped out to pursue music. That decision proved to be the turning point in Ye's life, and the inspiration for his debut album.

18. Ye initially worked as a producer, including by providing substantial contribution to Jay-Z's 2001 album *The Blueprint*. But Ye struggled to obtain a record deal because his persona, and his middle-class background, did not conform with the gangster rap culture that proliferated at the time.

19. Ye's breakthrough as an artist came through near-tragedy: in October 2002, Ye was involved in a car crash that almost killed him, and that resulted in his jaw being wired shut. Drawing from the traumatic circumstances of the accident, Ye began composing, and ultimately recorded, the deeply personal song *Through the Wire*, which referenced Ye's close experience with death. In a feat of sheer will, Ye recorded the song just two weeks after his accident, with his jaw still wired shut. Nominated for Best Rap Solo Performance and later certified platinum, *Through the Wire* immediately catapulted Ye toward rap superstardom.

20. In 2004, Ye released his debut album, aptly titled: *The College Dropout*. Described by *Rolling Stone* as both "incredibly human and impossibly extraordinary,"² that album was the beginning of Ye's status as a harbinger—and leader—of American pop culture.

21. Ye's album stood out by radically diverging from the gangster hip-hop that dominated the airwaves at the time, and combining the "unexpected and the

² <https://au.rollingstone.com/music/music-lists/the-200-greatest-hip-hop-albums-of-all-time-40803/kanye-west-the-college-dropout-2004-40953/>

unlikely.”³ Indeed, Ye’s music incorporated gospel choirs and string accompaniments, along with sped-up, modified pitch samples from soul and R&B hits. Coupled with themes that included religion, institutional racism, materialism, and his own unique life experiences, the album marked a sea change in the popular music of the era.

22. Further cementing Ye’s status as a pop-culture vanguard was Ye’s distinctive fashion style. In comparison to rappers’ popular style of the time, with oversized throwback jerseys and Timberland boots, Ye stood out with his pastel polo shirts paired with sneakers.

23. Ye’s unique style and artistry resulted in immediate widespread success. *The College Dropout* became quadruple-platinum and earned Ye 10 Grammy Award nominations. Ye later won the Grammy Award for Best Rap Album, along with Best Rap Song for his song *Jesus Walks*.

24. Following his initial success, Ye continued to create massively popular albums. His follow-up albums included *Late Registration*, *Graduation*, *808s & Heartbreak*, and *My Beautiful Dark Twisted Fantasy*, each of which was certified triple, quadruple, or quintuple platinum.

25. To date, Ye has released 11 full-length studio albums, and has sold more than 21 million albums, making him one of the best-selling artists of all-time. Ye has been ranked by Billboard magazine as one of the top 10 music producers of the decade and was ranked third in BET’s “Top Ten Rappers of the 21st Century” list. In 2015, Ye was awarded MTV’s “Michael Jackson Vanguard Award.” These are just a few of the industry awards and accolades Ye has earned.

³ <https://www.nytimes.com/2004/02/09/arts/critic-s-choice-new-cd-s-no-reading-and-writing-but-rapping-instead.html>

B. Ye Forms His Eponymous Yeezy Brand, Which Becomes a Pop-Culture Juggernaut

26. In November 2007, Ye's mother passed away from complications resulting from surgery. The loss deeply affected Ye and precipitated a shift in his musical style. Once again, creativity grew from tragedy. Ye began focusing on shoe design, which had long been a passion. He debuted the first Yeezy sneaker (the Nike Air Yeezy prototype) at the 2008 Grammy Awards, in a heartfelt performance that was Ye's first major public appearance since his mother's passing. At the time, Ye was Nike's first non-athlete collaborator.

27. Yeezy sneakers instantly became a "sneakerhead" fan-favorite with large-scale audience appeal. Both the Nike Air Yeezy 1 and Nike Air Yeezy 2 sold out immediately, with demand so extreme that prices on resale sites approached more than 15 times the retail price.

28. In 2013, seeking a still greater creative outlet, Ye began a highly publicized collaboration with adidas to further promote the Yeezy line of footwear, apparel, and accessories. That collaboration was initially made pursuant to a November 6, 2013 letter agreement, which provided that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

29. Because of Ye's fame and prior development of the Yeezy brand, Yeezy's collaboration with adidas was immediately successful. In 2015, Ye released the adidas Yeezy Boost 350 at New York Fashion Week at a fashion show with attendees

including Beyonce, Jay-Z, Rihanna, and Alexander Wang. The shoe, shown below, instantly sold out, even with its premium \$200 price:



30. That “absolute-game changer” of a shoe⁴ was a bombshell success. With a woven, neutral palette covered with jagged, black markings, along with a white-and-red tab at the heel, the Yeezy Boost 350 stood out with its striking mix of futuristic, organic, and minimalist elements on the athletic platform of a sneaker.

31. Notably, the Yeezy Boost 350, unlike most other adidas-made shoes, lacked the adidas “three stripe” marking. In other words, the shoe was all Yeezy. In comparison to the commercially popular sneakers of the time, which featured large logos, the Yeezy Boost 350 was marked with a small—but significant—embossed “YZY” trademark on a black label on a lower portion of the shoe.

32. The response to the shoe was immediate. *Vogue* deemed the shoe as the season’s “most coveted sneaker”⁵ with the hashtag “#worldsmosttalkedaboutsneaker,” and offered styling advice for those “Fashion Girl[s]” lucky enough to have obtained them.⁶

33. Similarly, *GQ* noted that “America has gone mad for Yeezy Boost 350 sneakers,” noting: “We want them, you want them, even our dads want them.”⁷ In an accompanying feature called “A Yeezy Boost 350 Lookbook, Starring Everyone Famous,” *GQ* featured just a few of the celebrities spotted wearing the shoes, including

⁴ <https://www.goat.com/editorial/yeezy-sneakers-history>

⁵ <https://www.vogue.com/article/kanye-west-kim-kardashian-adidas-yeezy-boost-350>

⁶ <https://www.vogue.com/article/how-to-wear-adidas-yeezy-boost-350>

⁷ <https://www.gq.com/gallery/yeezy-boost-350-photos-celebrity-style>

Kylie Jenner, Joe Jonas, The Weeknd, Justin Bieber, Diddy, Pharrell, Jonah Hill, Travis Scott, and Lewis Hamilton, as shown below:



34. With a series of successful subsequent launches, Yeezy grew into a global fashion brand that was both beloved by diehard sneaker fans and appreciated by a general audience. Popular shoe sites noted that Yeezy's designs had become "cult favorites, as [Ye] continues to push the borders of sneaker design,"⁸ and that Yeezy had "set new standards for progressive sneaker designs," with its influence "felt across the style spectrum, from streetwear to luxury."⁹

35. Ye grew the Yeezy Brand in ways that only he could. After presenting fashion shows at the world's top fashion weeks, including New York Fashion Week and Paris Fashion Week, Yeezy began presenting its annual fashion show at untraditional venues, including Madison Square Garden, as well as virtually and in unofficial fashion-week shows.

⁸ <https://www.flightclub.com/adidas/adidas-yeezy>

⁹ <https://www.goat.com/collections/yeezy>

36. Key to Yeezy's success was its seamless integration into Ye's persona as a musical artist, celebrity, and tastemaker. In 2016, Yeezy's fashion show at Madison Square Garden also debuted Ye's new album, *The Life of Pablo*, as the soundtrack for the show. The album debuted at number one on the *Billboard* charts; the fashion show was modelled by supermodels such as Naomi Campbell and attended by approximately 18,000 live fans.

37. Over the years, each subsequent fashion show gained fervent attention from both the fashion world and general public, with *Vogue* noting that Season 6, launched in 2018, "[b]r[oke] the Internet," and that the "sheer reach and like count of #yeezyseason6 testifies to West's skill at wrangling that other commodity: our collective attention."¹⁰

38. Based on Ye's creativity, diligent work, and high-profile public image, the Yeezy fashion brand (hereafter, the "Yeezy Brand"), which offers footwear, apparel, and bags for all genders, has become one of the most successful and influential global fashion brands. And because of Ye's close and personal connection with the development of the Yeezy Brand, his fame, and Yeezy's use of his pseudonym as its moniker, Ye's persona has become synonymous with the brand he created.

39. The Yeezy Brand is regularly the subject of widespread media attention and has been featured in prominent magazines and newspapers, including *The New York Times*, *Vogue*, and *GQ*. Celebrities are regularly photographed wearing Yeezy clothing and footwear and using Yeezy products, which enhances the brand's popularity and appeal to the general public. Celebrities that have been photographed by the press wearing and using Yeezy products include Justin Bieber, Ariana Grande, Jay Z, Calvin Harris, Pharrell Williams, Snoop Dogg, Nick Jonas, Joe Jonas, Gigi

¹⁰ <https://www.vogue.com/article/yeezy-season-6-kanye-west-instagram-takeover-kim-kardashian-west-clones-lookbook>

Hadid, Bella Hadid, Hailey Baldwin, Karlie Kloss, Jada Pinkett Smith, Kylie Jenner, and Kendall Jenner—among many others.

C. Yeezy’s Protection Of The “YZY Trademarks”

40. Mindful of the need to protect the Yeezy Brand as its fame and value increased, and wary of the rise of knockoff products that could devalue the tremendous goodwill Ye has engendered in his brand, Yeezy has registered the appropriate trademarks that are associated with the brand. These trademarks include trademarks for YEEZY, YZY, KANYE, and KANYE WEST (collectively, the “YZY Trademarks”), and include, without limitation:

Serial Number	Word Mark
86029764	YEEZY
86029757	YEEZY
86029703	YEEZY
86029678	YEEZY
86029738	YEEZY
86052241	KANYE
86052267	KANYE
86052253	KANYE
86052219	KANYE
88944061	YEEZY
86981009	YEEZY
87237690	YZY
88944061	YEEZY
97214810	YEEZY
97481606	YEEZY SUPPLY
97481621	YEEZY SUPPLY

90634219	YZY
90634214	YZY
90634206	YZY
87178485	KANYE WEST
78499390	KANYE WEST
78499409	KANYE WEST
78499402	KANYE WEST

41. Ye and Yeezy have used and continue to use the YZY Trademarks in the promotion of the Yeezy Brand, including in Ye’s collaboration with adidas and in many other ways, including through high-profile fashion shows. In recognition of the exclusive nature of the Yeezy Brand, Ye has granted very few licenses for the YZY Trademarks or his likeness more generally—not only to protect Ye’s unique creative spark, but also to maintain the feverish demand for Ye’s limited-run products.

D. The 2017 Agreement [REDACTED]

42. Given the runaway success of the 2013 collaboration between Ye and adidas, along with the remarkable worldwide growth of the Yeezy Brand, in 2016, Yeezy and adidas began negotiating a new agreement that would allow their collaboration to continue into the future.

43. In May 2016, Yeezy and adidas entered into a new Licensing and Endorsement Agreement that would take effect on January 1, 2017 (the “2017 Agreement”). [REDACTED]

[REDACTED] Both Yeezy and adidas are parties to the 2017 Agreement, with Yeezy recognized as “Lender” (as Ye’s loan-out corporation) and Ye as “Artist.” (*Id.* at ¶ 1.)

44. The fundamental purpose of the 2017 Agreement, as evidenced by the nature of the relationship between Ye and adidas and the plain language of the agreement, was to [REDACTED]

[REDACTED]

[REDACTED]

45. Specifically, pursuant to the 2017 Agreement, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

46. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

47. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹¹ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

48. [REDACTED]

[REDACTED]

49. [REDACTED]

[REDACTED]

50. [REDACTED]

[REDACTED]

51. [REDACTED]

[REDACTED]

[REDACTED]

52. [REDACTED]

[REDACTED]

53. [REDACTED]

[REDACTED]

54. [REDACTED]

[REDACTED]

55. [REDACTED]

[REDACTED]

56. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

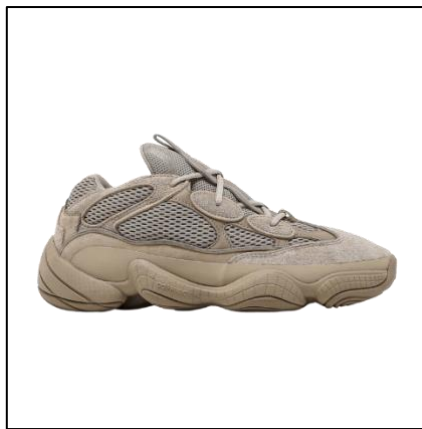
[REDACTED]

[REDACTED]

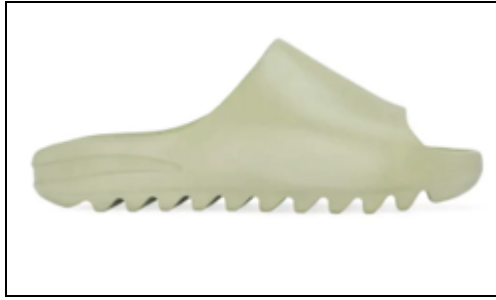
E. Pursuant To The 2017 Agreement, Yeezy Continues To Produce High-Profile, Sold-Out Shoes

57. In the years immediately following the parties' entry into the 2017 Agreement, Yeezy's designs, and the [REDACTED] based on them, continued to push the boundaries of sneaker design with widespread success. One such shoe was the Yeezy Boost 500, launched in 2018.

58. That shoe, with its bulbous, rock-like design elements on neutral colored base, featured Yeezy's distinctive combination of aggressively organic and futuristic look and feel.



59. In 2019, Yeezy launched the Yeezy Slide, shown below:



60. With a monotone, natural color, and alien-like futuristic design that covered the entirety of the shoe, the Slide was made entirely of EVA (“ethylene-vinyl acetate,” or “poly”) foam with a textured sole. As with other Yeezy models, the Yeezy Slide immediately sold out in all three of its colors.

61. Yeezy continued to innovate, expanding the public consciousness of what footwear could look like. In 2020, Yeezy launched the Yeezy Foam Runner—another one-of-its-kind, breakthrough design:



62. Sculpted from a single piece of eco-friendly EVA foam and partially of algae, the Foam Runner drew on historical references to create a fully futuristic look. Indeed, the “Ararat” installment of the Foam Runner drew on the Armenian roots of Ye’s then-wife, combined with a nod toward Noah’s Ark. With its skeletal, organic structure and mono-color, natural palette, the shoe was not so much a foot covering as a truly first-of-its kind work of design.

63. Yeezy’s distinctive styling was widely recognized, as industry commentators noted the Foam Runner’s “stark exercise in minimalist design” and

“simple yet distinctive” designs.¹² Others echoed that Yeezys, generally, were “conspicuously minimalistic” with “primitive aesthetics,” noting that “the sheer focus on simplicity is what sets them apart,” and that “[c]ombining imaginative composition with schematic simplicity seems to be the main idea.”¹³ It is no overstatement to say that Yeezy has changed the world of footwear unlike any brand in recent memory.

F. [REDACTED]

64. As the *Washington Post* put it recently, Yeezy has become adidas’s “cash cow,” and Ye is adidas’s “most high-profile partner.”¹⁴ Indeed, under Ye’s artistic direction, Yeezy sales have grown each year, with a substantial portion of adidas’s entire online sales attributable to Yeezy.

65. The Yeezy shoes generate massive revenues for adidas; [REDACTED]

66. And yet those staggering sales were not enough for adidas. [REDACTED]

67. [REDACTED]

¹² <https://www.sneakerfreaker.com/features/material-matters/material-matters-a-brief-technological-history-of-yeezy-shoes>

¹³ <https://www.afterglowatx.com/blog/2020/11/1/the-style-of-sound-the-paradox-of-kanye-west-otherwise-known-as-yeezy>

¹⁴ https://www.washingtonpost.com/business/the-kanye-gap-breakup-will-be-tough-on-adidas/2022/09/23/a8cf8d78-3b11-11ed-b8af-0a04e5dc3db6_story.html

[REDACTED]

68. [REDACTED]

69. [REDACTED]

70. [REDACTED]

71.

[REDACTED]

72.

[REDACTED]

73.

[REDACTED]

15

[REDACTED]

[REDACTED]

74. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

75. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

G. [REDACTED]

76. Sure enough, [REDACTED]

[REDACTED] adidas used the

Designs to create generic adidas products (the “[REDACTED]”), [REDACTED]

[REDACTED]

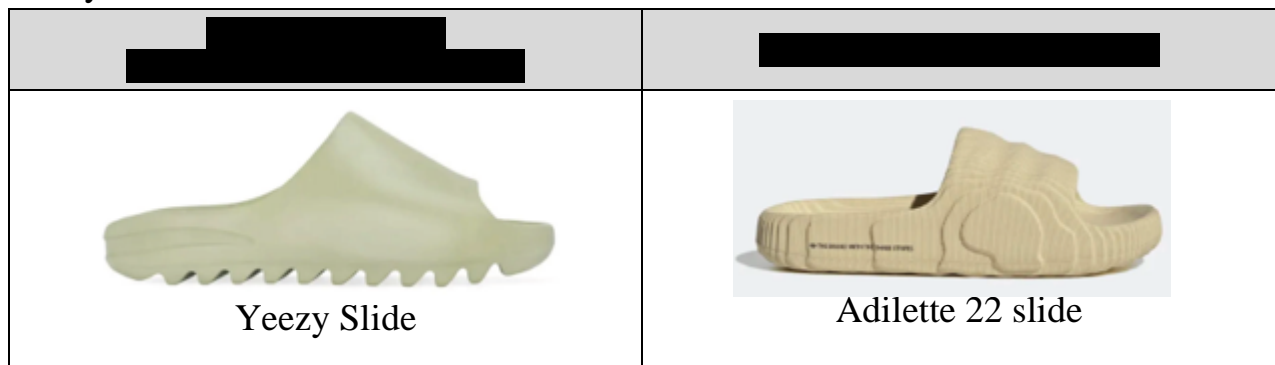
77. The [REDACTED] included the same neutral palettes, minimalistic design, and futuristic organic look and feel as Yeezy’s most famous shoes. And notably, the [REDACTED] either did not include or deemphasized adidas’s famous three-stripe trademarks, which helped ensure, as was adidas’s intent, that consumers would associate these products with Ye and the Yeezy Brand, just as they had come to do with genuine Yeezy-branded products that adidas produced.

78. In or around 2020-2021, adidas launched the following [REDACTED] [REDACTED] each of which directly drew on the Yeezy Brand's design, composition, and goodwill, as shown below:

[REDACTED]	[REDACTED]
 <p data-bbox="321 737 669 779">Yeezy 700 V3 "Alvah"</p>	 <p data-bbox="1029 741 1230 779">adidas Ozelia</p>
 <p data-bbox="337 1098 646 1140">Yeezy Boost 700 V2</p>	 <p data-bbox="1008 1100 1252 1140">adidas Ozweego</p>
 <p data-bbox="337 1470 646 1509">Yeezy Boost 350 V2</p>	 <p data-bbox="837 1474 1422 1543">adidas X Pharrell Williams Humanrace Sichona</p>



79. Most recently, in June and July 2022, adidas launched the Adilette 22 Slide to coopt the goodwill associated with the immensely popular and iconic Yeezy Slides. Like the genuine Yeezy Slides, the Adilette 22 was formed from a single flexible material and made available in the earth-tone palette associated with genuine Yeezys:



80. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

a. “You’re probably wondering if Ozelia Shoes are Yeezy.”¹⁶

¹⁶ <https://onestoptown.com/shoes/are-ozelia-shoes-yeezy/>

- b. Blog post, discussing “all the best Yeezy dupes that you can cop from adidas right now at a fraction of the price.”¹⁷
- c. “According to reviewers, the shoe resembles the lineup of Yeezys.”¹⁸
- d. “Today [I’ll] show you guys the Adidas Ozelia’s, I reckon a nice Yeezy alternative if you don’t have the \$\$\$ to get Yeezys at resale or struggle to get them at retail like me.”¹⁹

81. On information and belief, adidas has generated hundreds of millions of dollars in revenues from its sales [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

82. It now is clear that unless adidas [REDACTED] [REDACTED] it will not cease in its efforts to trade on the goodwill of even the most popular and iconic of Yeezy’s designs. Specifically, in June 2022, adidas began promoting a soon-to-be-launched model, called the adiFOM Q, which is a clear copycat design of Yeezy’s iconic Foam Runner, from the structure and foam composition, to the color palette and distinctive holes:

¹⁷ <https://thesolesupplier.co.uk/news/9-of-the-best-yeezy-dupes-at-adidas/>

¹⁸ <https://themenshoes.com/adidas-ozweego-review-pros-and-cons/#:~:text=Adidas%20Ozweego%20resembles%20Yeezys%20but%20is%20cheaper%20than,comfortable%20and%20brings%20back%20memories%20from%20the%20past>

¹⁹ https://www.youtube.com/watch?v=d9944tH_KAQ

[REDACTED]	[REDACTED]
 <p data-bbox="358 573 669 611">Yeezy Foam Runner</p>	 <p data-bbox="1068 669 1230 707">adiFOM Q</p>

83. Not surprisingly given their striking and unusual similarities, consumers and sneaker commentators immediately noticed adidas's copying, as shown by just the small subset of examples below:

- “[T]his model looks awfully a lot like the Yeezy Foam Runner...”
- “[I] ye wasn’t laying [sic]. They really do copy his designs.”
- “Has anyone ever been so massively underpaid as @kanyewest was by @adidas – their entire company is still doing Yeezy knockoffs”
- “[B]esides them looking like foam runners, what’s with the laces on a clog??”
- “[Y]ou can’t say they’re no[t] blatantly ripping off a Yeezy with a straight face after this[.]”

(Ex. 5.)

84. Recognizing its copying and the public backlash it was beginning to face, adidas disingenuously tried to cite a prior shoe as inspiration for the adiFOM Q—which bears far less resemblance to its new shoe than the Foam Runner, as shown below:²⁰

²⁰ <https://twitter.com/adidasoriginals/status/1541813804077666304?lang=en>



85. Commentators such as Sneakerfreakermag and others were not fooled, however, noting that: “adidas might claim the upcoming adiFOM Q takes inspiration from the adidas Quake, but we suspect Kanye West may think otherwise...” Similarly, Reddit users have noted that: “Kanye gonna be big mad at Adidas now...[.]”²¹

86. For many reasons, confusion between the [REDACTED] and the Yeezy Brand has a detrimental, albeit false and unjustified, impact on the perceived quality and value of the Yeezy Brand.

87. For example, as consumers have widely recognized, the [REDACTED] are of lower quality than genuine Yeezy brand shoes. And while Yeezy’s Foam Runners, for example, are made with innovative and eco-friendly materials that incorporate algae harvesting technology, the [REDACTED] are constructed with commonly used and generic materials.

88. adidas also offers the [REDACTED] at a lower price-point than genuine Yeezy shoes, which serves to devalue genuine Yeezy-branded products. For example, the adidas tennis shoes, Ozelia and Ozweego (shown above), are priced at

²¹ https://www.reddit.com/r/Sneakers/comments/vmugur/kanye_gonna_be_big_mad_at_adidas_now/

\$100 and \$110, respectively, whereas the corresponding Yeezy models sell above \$200-\$300 (and more on re-sale sites), and are almost consistently sold out. To be sure, Yeezy's desirability is boosted by its exclusivity. With the flood of cheaper [REDACTED] products, that rareness—and associated fan fervor—has been significantly harmed.

89. Even though the [REDACTED] are far inferior to genuine Yeezys, adidas markets and sells its [REDACTED] through the same channels of trade and at the same locations as Yeezy products—including on the same Internet sites²² and in the same brick-and-mortar retail stores. adidas also has promoted the [REDACTED] on Twitter,²³ just as it has promoted Yeezys.²⁴ This substantial overlap in the marketing, promotion, and sale of Yeezy products and adidas's [REDACTED] serves only to encourage consumers to make a false association between them.

90. [REDACTED]

H. [REDACTED]

91. [REDACTED]

²² *E.g.*, <https://www.adidas.com/us/men-ozweego>; <https://www.adidas.com/us/yeezy>

²³ *E.g.*, https://twitter.com/adidasoriginals/status/1541813804077666304?s=21&t=3YAWU0hxcuy0wH_sUiCPnA

²⁴ *E.g.*, <https://twitter.com/adidasoriginals/status/1500818558594564104?lang=en>

[REDACTED]

[REDACTED]

92. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

93. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

94. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

95. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

96. [REDACTED]

[REDACTED]

[REDACTED]

I. [REDACTED]

97. The dispute-resolution provision of the 2017 Agreement provides that “any dispute arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, shall be submitted to a mutually agreed upon JAMS mediator for non-binding confidential mediation in Portland, Oregon.” (2017 Agreement at ¶ 46(B).) If any dispute cannot be so resolved, the parties are to proceed to arbitration in Portland, Oregon. *Id.*

98. As further explained in Section 3(j) of the August 2020 Payment Confirmation: “Mediation and arbitration described in [] Section 46(B) [of the 2017 Agreement] shall be the exclusive dispute resolution process. Arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules.”

99. [REDACTED]

100. [REDACTED]

101. [REDACTED]

102. [REDACTED]

A series of horizontal black bars of varying lengths, some starting from the left edge and others indented, creating a rhythmic, abstract pattern. The bars are arranged in a sequence that suggests a list or a set of data points, with some bars being full-width and others being shorter and offset.

SECOND CAUSE OF ACTION

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

25 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

FIFTH CAUSE OF ACTION

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[illegible]

A series of 25 horizontal black bars of varying lengths, arranged in a staggered, overlapping fashion, creating a dense, textured pattern. The bars are positioned at regular vertical intervals, with each bar starting at a different horizontal offset from the left edge. The lengths of the bars vary significantly, with some extending nearly the full width of the image and others being much shorter. This arrangement creates a complex, layered visual effect.

[REDACTED]

SEVENTH CAUSE OF ACTION

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[illegible]

PRAYER FOR RELIEF

WHEREFORE, Yeezy prays for judgment and relief against adidas as follows:

■ [REDACTED]

[REDACTED]

■ [REDACTED]

[REDACTED]

■ [REDACTED]

[REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

9. Any other relief the Arbitrator deems appropriate.

Dated: January 24, 2023

Respectfully submitted,

Gregory K. Nelson

Gregory K. Nelson

California State Bar No. 203029

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*Attorney for Respondents and Counter
Claimants*

CERTIFICATE OF SERVICE

I hereby certify that, on January 24, 2023, the Case Manager and all parties of record are being served via email at: alieu@jamsadr.com, MattLevin@MarkowitzHerbold.com, michellerobles@markowitzherbold.com, mgoodman@debevoise.com, wtaft@debevoise.com, with a copy of this document, per JAMS Rule 12(a).

/s/ Gregory K. Nelson

Gregory K. Nelson

EXHIBIT 2

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T: 503-226-3664

Liaison Counsel for Plaintiff

[Additional counsel on signature page]

**UNITED STATES DISTRICT COURT
DISTRICT OF OREGON**

HRSA-ILA FUNDS, Individually and on
behalf of all others similarly situated,

Plaintiff,

v.

ADIDAS AG., KASPER RØRSTED, and
HARM OHLMEYER,

Defendants.

Case No: 3:23-cv-629

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff HRSA-ILA Funds ("Plaintiff"), individually and on behalf of all other persons similarly situated, by Plaintiff's undersigned attorneys, for Plaintiff's complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and information and belief as to all other matters, based upon, among other things, the investigation conducted by and through his attorneys, which included, among other things, a review of the Defendants' public documents, public filings, wire and press releases published by and regarding adidas AG. ("adidas", "Adidas" or the "Company"), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired publicly traded adidas securities between May 3, 2018 and February 21, 2023, inclusive (the “Class Period”). Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the federal securities laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this judicial district.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants (defined below), directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased adidas securities during the Class Period and was economically damaged thereby.

7. Defendant adidas is a sports brand and engages in the design, distribution, and marketing of athletic and sporting lifestyle products. The Company was founded by Adolf Dassler in 1920 and is headquartered in Herzogenaurach, Bavaria, Germany.

8. The Company's head American offices are located at 5055 N Greeley Avenue, Portland, Oregon 97217. adidas' American depositary receipts ("ADR" or "ADRs") trade on the under the ticker symbols "ADDYY" and "ADDDF."

9. Defendant Kasper Rørsted ("Rørsted" or "Rorsted") served as the Company's Chief Executive Officer from 2016 to December 31, 2022.

10. Defendant Harm Ohlmeyer ("Ohlmeyer") has served as the Company's Chief Financial Officer since 2017, and served as interim CEO from November 12, 2022 to December 31, 2022.

11. Related nonparty Ye, formerly known as Kanye West ("Kanye West" or "West") is an American musician and fashion designer who had a business association with adidas from 2013 to October 25, 2022 (the "Partnership")

12. Defendants Rørsted and Ohlmeyer are collectively referred to herein as the "Individual Defendants."

13. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;

- (e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;
- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

14. adidas is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

15. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to adidas AG under *respondeat superior* and agency principles.

16. Defendant adidas and the Individual Defendants are collectively referred to herein as "Defendants."

BACKGROUND

17. In November 2013, adidas announced the beginning of the Partnership with Kanye West, whereby West would endorse adidas shoes. The Partnership commenced after West's relationship with Nike broke down.

18. On February 8, 2015, West debuted the first adidas shoe that he helped design, the Yeezy 750 Boost, at the 2015 Grammy awards. He followed this performance up with the February 12, 2015 debut of the Yeezy Season 1 collection at New York Fashion Week.

19. On December 2, 2015, the Adidas Yeezy Boost shoe won Shoe of the Year at the Footwear News Achievement Awards, which has been referred to as the "Shoe Oscars." He gave an acceptance speech while surrounded by some of the designers who helped work on the

collection.

20. On June 29, 2016, adidas and West announced that the Partnership had deepened. The two parties referred to it as a “Yeezy-branded entity creating footwear, apparel and accessories for all genders across street and sport.” adidas called the Partnership “the most significant partnership ever created between a non-athlete and an athletic brand.”

21. Under their arrangement, West licensed his trademark of “Yeezy” to adidas in exchange for a 15% cut of sales. The Company was responsible for manufacturing the Yeezy goods and then selling them, and it retained ownership of the designs themselves.

22. In addition, Kanye West has full ownership of Yeezy LLC, which is an apparel company that sells clothing under the name “Yeezy,” but is unrelated to adidas.

23. His collaboration with adidas had a positive impact on the Company. Mark King, a former President of adidas North America, stated, “[h]e’s brought the idea that the Adidas brand is willing to create new and different things. The association with Kanye West and how he sees himself as an artist — with design, music and culture — said ‘this Adidas brand is not just a typical sports brand. It’s one that looks at creativity and considers both sports and culture.’ And his influence runs deeper than that — to products he really has no connection with, such as the NMD. He has opened our eyes [to the fact that] it’s a big world out there and we should be looking at it in many different ways.”

24. The Yeezy shoes were extremely popular. By 2019, sales of Yeezy shoes hit over \$1 billion. Further, Kanye West accumulated significant wealth as a result of the Partnership. By September 2019, Forbes ranked him as the Number 1 highest-paid hip-hop star, largely as a result of the Partnership. Further, by 2019, the Adidas Yeezy sneaker line was on pace to compete with the leading Nike Jordan line.

25. Over the Fall of 2022, West began to make overtly anti-Semitic and other racially offensive remarks in public, beginning with wearing a shirt with the slogan “White Lives Matter” which has been described by the Anti-Defamation League as a “white supremacist phrase”), to a fashion show in Paris on October 1, 2022.

26. On or around October 7, 2022, West posted a screenshot of a private argument he had with hip-hop star Sean Combs, better known as Puff Daddy, regarding his wearing of the “White Lives Matter” shirt in which he stated, “[t]his ain’t a game. Ima use you as an example to show the Jewish people that told you to call me that no one can threaten or influence me. I told you this was war. Now gone get you some business.”

27. On October 9, 2022, he posted the following (which has since been removed) on Twitter: “I’m a bit sleepy tonight but when I wake up I’m going death con 3 on JEWISH PEOPLE The funny thing is I actually can’t be Anti Semitic because black people are actually Jew also You guys have toyed with me and tried to black ball anyone whoever opposes your agenda.”

28. On October 11, 2022, it was revealed that the aired version of an interview between West and Tucker Carlson left out a series of anti-Semitic remarks by West. For example, he stated “I prefer my kids knew Hanukkah than Kwanzaa. At least it will come with some financial engineering.”

29. West did not believe that adidas would end the Partnership as a result of his incendiary and hateful remarks. On October 21, 2022, he publicly stated, “the thing about it being Adidas is like, I can literally say anti-Semitic s*** and they cannot drop me. I can say anti-Semitic things, and Adidas can’t drop me. Now what? Now what?”

30. By late October, adidas was facing public calls for a boycott as a result of its failure to end the Partnership with West. In contrast to the overwhelming public disapproval towards

West, neo-Nazi groups publicly supported him. In one instance, a neo-Nazi group held a banner which read “Kanye is right about the Jews” over a busy Los Angeles freeway while members performed Nazi salutes.

31. After weeks of criticism over its failure to end the Partnership as a result of West’s blatant and virulent anti-Semitism, adidas ended the Partnership on October 25, 2022.

SUBSTANTIVE ALLEGATIONS
Materially False and Misleading
Statements Issued During the Class Period

32. Over the life of the Partnership, West began to accrue controversy as a result of his various statements on topics such as slavery, racial issues, and politics. For example, on TMZ Live, on May 2, 2018, West suggested that slavery in the United States was a “choice” for enslaved persons. West stated, in pertinent part:

“When you hear about slavery for 400 years. For 400 years?! That sounds like a choice. You was there for 400 years and it’s all of y’all. It’s like we’re mentally in prison. I like the word ‘prison’ because ‘slavery’ goes too direct to the idea of blacks. Slavery is to blacks as the Holocaust is to Jews. Prison is something that unites as one race, blacks and whites, that we’re the human race.”

(Emphasis added).

33. The Company stuck by West despite these comments. In response to West’s comment, on May 3, 2018, Defendant Rørsted stated, while declining to address West’s comments about slavery, or internal comments that he made at adidas by that time, ***“[t]here clearly are some comments we don’t support[.] Kanye has been and is a very important part of our strategy and has been a fantastic creator.”*** (Emphasis added). Tellingly, Rørsted also stated that West and the Yeezy footwear brand are a “very important part of our brand from a revenue standpoint and how we promote our products.”

34. In the same interview, the interviewer pressed Rørsted, stating “if someone makes

comments that are around the issue of slavery, and [implying that was a choice], that goes beyond just your average comment by an external collaborator, especially for a German brand like adidas, isn't it important to get in front of that kind of issue before it becomes a real problem for the entire company?" To that, Rørsted emphasized the Company's focus on delivering quality sporting goods and declined to comment further on Kanye West, except to state that he had not considered dropping West in the prior 24 hours.

35. Defendant Rørsted elaborated on his views with regard to West's speech in other interviews, without disclosing that West had made offensive remarks at Company premises or otherwise engaged in problematic behavior. On November 6, 2018, he stated the following:

"Kanye brings different points of view out. We want creators to have freedom and sometimes have a different point of view, something people could react to in a positive or a negative sense. That is what Kanye brings to the table. If he brought a common position for everybody, I think people would not react the way they do. And in many ways, we're very supportive of what he does, but it doesn't mean we're supportive of every statement. We're not signing up to his statements; we're signing up to what he brings to the brand and the products he's bringing out."

(Emphasis added).

36. On March 13, 2019, adidas publicly released its yearly report for the year ended December 31, 2018 (the "2018 Report") on its website.

37. The 2018 Report, in its section on Business Partner Risk, ignored serious issues affecting the Partnership, and the resulting potential risk to shareholders, by generally alluding to risks involving individuals that adidas partnered with, rather than stating that the Company had actually considered ending the Partnership as a result of West's personal behavior, or how the Company's reputation might be affected if his behavior as it related to the Company were to become public:

38. Regarding Partnership Risks, the 2018 Report stated, in pertinent part:

“adidas interacts and enters into partnerships with various third parties, such as athletes, creative partners, innovation partners, retail partners, or suppliers of goods or services. As a result, the company is exposed to a multitude of business partner risks.

Injuries to individual athletes or poor on-field performance on the part of sponsored teams or athletes could reduce their consumer appeal and eventually result in lower sales and diminished attractiveness of our brands. Failure to cement and maintain strong relationships with retailers could have substantial negative effects on our wholesale activities and thus the company’s business performance. Losing important customers in key markets due to sub-par relationship management would result in significant sales shortfalls. We work with strategic partners in various areas of our business (e.g. product creation, manufacturing, research and development) or distributors in a few selected markets whose approach might differ from our own business practices and standards, which could also negatively impact the company’s business performance and reputation. Similarly, failure to maintain strong relationships with suppliers or service providers could negatively impact the company’s sales and profitability. Risk’s may also arise from a dependence on particular suppliers, customers or service providers. Overreliance on a supplier for a substantial portion of the company’s product volume, or overdependence on a particular customer, increases the company’s vulnerability to delivery and sales shortfalls and could lead to significant margin pressure. Business partner default (including insolvency) or other disruptive events such as strikes may negatively affect the company’s business activities and result in additional costs and liabilities as well as lower sales for the company. *Unethical business practices on the part of business partners or improper behavior of individual athletes, influencers or partners in the entertainment industry could have a negative spill-over effect on the company’s reputation, lead to higher costs or liabilities or even disrupt business activities.*

To mitigate business partner risks, adidas has implemented various measures. For example, we generally include clauses in contractual agreements with athletes, clubs and federations or other partners that allow us to suspend or even terminate our partnership in case of improper or unethical conduct. In addition, we work with a broad portfolio of promotion partners, including individual athletes, club teams and federations or associations in numerous sports as well as entertainers and influencers to reduce the dependence on the success and popularity of a few individual partners. [. . .]”

(Emphasis added).

39. In the Inventory Risk section of the 2018 Report’s discussion of business risk, the Company ignored the risks of oversupply of Yeezy branded shoes in the event that the Partnership

were to suddenly end, and in particular, if demand for the shoes were to fall due to any controversy surrounding West.

40. Regarding Inventory Risks, the 2018 Report stated, in pertinent part:

“As we place initial production orders up to nine months in advance of delivery, adidas is exposed to inventory risks relating to misjudging consumer demand at the time of production planning. Overestimating demand could result in inappropriate capacity utilization at our suppliers’ factories, lead to overproduction, and cause excess inventory for the company as well as in the marketplace. This can have negative implications for our financial performance, including product returns, inventory obsolescence and higher levels of clearance activity as well as reduced liquidity due to higher working capital requirements. Similarly, underestimating demand can lead to product shortfalls at the point of sale. In this situation, adidas faces the risk of missed sales opportunities and/or customer and consumer disappointment, which could lead to a reduction in brand loyalty and hurt our reputation. In addition, the company faces potential profitability impacts from additional costs such as airfreight in efforts to speed up replenishment.

In order to mitigate these risks, we actively manage inventory levels, for example by continuous monitoring of stock levels as well as centralizing stock holding and clearance activities. In addition, our Global Operations function is continuously improving the agility and flexibility of our planning environment in order to shorten lead times and ensure availability of products while trying to avoid excess inventories. In this context, the company’s strategic choice ‘Speed’ is an important driver, enabling us to respond quickly to consumer demand and to deliver concepts that are fresh and desirable and made available when and where they are wanted by the consumer.”

(Emphasis added).

41. In the Personnel Risk section of the 2018 Report’s discussion of risk, the Company extolled its commitment to having an equitable workplace, and its strategic workforce management process, known as “People Strategy”, while failing to discuss how it routinely ignored extreme behavior from Kanye West.

42. Regarding Personnel Risk, the 2018 Report stated, in pertinent part:

“Achieving the company’s strategic and financial objectives is highly dependent on our employees and their talents. In this respect, strong leadership and a performance-enhancing culture are critical to the company’s success.

Therefore, ineffective leadership as well as the failure to install and maintain a performance-oriented culture that fosters diversity and inclusion and strong employee engagement amongst our workforce could also substantially impede our ability to achieve our goals. An ineffective, unbalanced allocation of resources to business activities could cause operational inefficiencies and result in lower employee engagement. In addition, global competition for highly qualified personnel remains fierce. As a result, the loss of key personnel in strategic positions and the ability to identify, recruit, and retain highly qualified and skilled talents who best meet the specific needs of our company pose risks to our business performance. Unattractive or non-competitive management and employee remuneration may exacerbate these risks. In addition, a lack of sufficient training measures and inadequate documentation of critical know-how might dilute or lead to a loss of key capabilities.

Our People Strategy is an essential part of our strategic business plan ‘Creating the New’ and is designed to reduce these risks. To optimize staffing levels and resource allocation (i.e. having the right people with the right skillsets in the right roles at the right time), we have established a strategic workforce management process. We continuously invest in improving employer branding activities to be the ‘employer of choice in our industry and as a result attract and retain the right talent. We established a global recruiting organization to enhance our internal and external recruiting services and capabilities. To ensure effective leadership across the company, we defined and activated our global *Leadership Framework* that articulates the behaviors expected of our leaders. Our global succession management helps create strong internal talent pipelines for critical leadership positions and reduce succession risk. We also strengthen employee retention by providing attractive leadership development and learning programs as well as global career opportunities. Numerous initiatives such as our global ‘BIG Deal’ gender intelligence training foster diversity and inclusion. We also have attractive reward and incentive schemes in place, designed to further support long-term employee commitment.”

(Emphasis added).

43. The Company’s 2019, 2020, and 2021 Annual Reports either had similar language regarding Partnership Risk, Inventory Risk, and Personnel Risk, or otherwise failed to mention risks relating to the Partnership. Other filings similarly failed to disclose risks stemming from the Partnership.

44. In addition, the 2020 Annual Report posted on the Company’s website included a section on Risks related to media and stakeholder activities. While it disclosed that adverse or inaccurate media coverage could have an adverse negative impact on the Company, it failed to disclose that the Company risked considerable negative media coverage if Kanye West made

public comments which were consistent with statements he made internally in the Company (such as anti-Semitic statements). Further, the Company failed to disclose that it stood to receive negative coverage if West's abusive behavior at the Company, and how the Company failed to meaningfully act on the issue, were to be publicly disclosed.

45. The 2020 Annual Report's section on risks related to media and stakeholder activities stated, in pertinent part, the following:

The company faces considerable risk if we are unable to uphold high levels of consumer awareness, affiliation, and purchase intent for our products. *Adverse or inaccurate media coverage on our products or business practices as well as negative social media discussion may significantly harm the adidas' reputation and brand image, lead to public misperception of the company's business performance and eventually result in a sales slowdown.* Similarly, certain activities on the part of key stakeholders (e.g. nongovernmental organizations, governmental institutions) could cause reputational damage, distract top management, and disrupt business activities. To mitigate these risks, we pursue proactive, open communication and engagement with key stakeholders (e.g. consumers, media, the financial community, non-governmental organizations, governmental institutions) on a continuous basis. *In addition, we have established clear crisis communication processes to ensure a quick and effective response to adverse developments. We have also strengthened social media capabilities and created various digital newsrooms around the globe that enable continuous monitoring of social media content related to the company's products and activities and allow early management of potentially damaging social media discussion.* On a case-by-case basis, we seek external advice from experts in communication and stakeholder management.

(Emphasis added).

46. On October 25, 2022, in its statement ending the Partnership, adidas stated the following:

"adidas does not tolerate antisemitism and any other sort of hate speech. Ye's recent comments and actions have been unacceptable, hateful and dangerous, and they violate the company's values of diversity and inclusion, mutual respect and fairness. After a thorough review, the company has taken the decision to terminate the partnership with Ye immediately, end production of Yeezy branded products and stop all payments to Ye and his companies. adidas will stop the adidas Yeezy business with immediate effect. This is expected to have a short-term negative impact of up to €250 million on the company's net income in 2022 given the high seasonality of the fourth quarter. adidas is the sole owner of all design rights to existing products as well as previous and new colorways under the partnership. More information will be given as part of the company's upcoming Q3 earnings announcement on November 9, 2022.

(Emphasis added).

47. The statements contained in ¶¶ 32-46 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) In addition to other misconduct, Kanye West made anti-Semitic comments in front of adidas staff, and even suggested naming an album after Adolf Hitler; (2) adidas was aware of his behavior, and failed to warn investors that it was aware of that behavior, and had considered ending the Partnership as a result of it; (3) adidas failed to take meaningful precautionary measures to limit negative financial exposure if the Partnership were to end as a result of West's behavior; (4) adidas overstated the risk mitigation measures it took with regard to Yeezy shoes in the event that it terminated the Partnership; (5) as a result, Defendants' public statements were materially false and/or misleading at all relevant times.

THE TRUTH BEGINS TO EMERGE

48. On November 27, 2022, *The Wall Street Journal* released an article entitled "Adidas Top Executives Discussed Risk of Staff's 'Direct Exposure' to Kanye West Years Ago."

49. This article revealed that the Company's senior leadership, including Defendant Rørsted, discussed as far back as 2018 the risk of continuing a relationship with Kanye West, stating, in pertinent part:

Adidas AG's chief executive and senior leaders in Germany *discussed as far back as four years ago the risk of continuing a relationship with Kanye West that they feared could blow up at any moment*, according to people familiar with the matter and documents reviewed by The Wall Street Journal.

A 2018 presentation to members of the Adidas executive board, a group that included CEO Kasper Rørsted and the head of human resources, highlighted the risks for employees interacting with Mr. West and detailed mitigation strategies for the relationship with the Yeezy creator, including cutting ties with the rapper-turned-designer, documents show. Instead of parting ways when concerns were raised, these people said, the senior executives had business-unit leaders share various proposals with Mr. West so Adidas could hang on to the Yeezy partnership, which analysts estimate

accounted for 8% of annual sales.

These efforts to keep the Yeezy partnership occurred again in September when the Adidas executive board met to discuss Mr. West's latest public outbursts, the people said. Mr. West, who legally changed his name to Ye, met with Adidas executives in mid-September and asked for more money and control over the Yeezy brand, according to people familiar with the meeting. *During the meeting, he showed the Adidas executives a clip from an adult video and accused them of stealing his designs, these people said.* Soon after the meeting, the people said, Adidas agreed to some of Mr. West's demands: The company offered Mr. West the ability to sell Yeezy footwear directly to consumers and ownership of future designs as well as a cut of the sales from Yeezy look-alike products. The proposal offered to continue the partnership through at least 2026, the people said.

Mr. West wasn't satisfied and wanted as much as \$3 billion, the people said. Weeks later, after Mr. West wore a "White Lives Matter" T-shirt at his fashion show and posted anti-Semitic comments on social media, Adidas said it would end its Yeezy partnership.

* * *

Employees raised concerns to executives about Mr. West's behavior after the artist appeared on TMZ in early 2018 saying that slavery "sounds like a choice," former employees said. At a meeting with Adidas executives, including a member of the executive board, the focus shifted from concerns about Mr. West's comments to complaints about how the company handled the controversy internally, the employees said. In October 2018, Adidas executives conducted a deep dive of the Yeezy partnership that was presented to leaders based in Germany, including Mr. Rorsted. The presentation reviewed options for dealing with Mr. West, who was asking to be named creative director of Adidas, according to documents.

One of the risks identified was Adidas employees having "direct exposure" to Mr. West and leaders evaluated rotating key staff to mitigate the risk, the documents show. *One proposal was running Yeezy as a stand-alone brand like Nike's Jordan brand, which would limit Mr. West's exposure to the rest of the company. Another option was buying the Yeezy trademark from Mr. West and running the brand without him, according to the documents.* The documents say Mr. West wanted to be paid out to focus on philanthropy. Another proposal called "immediate mitigation" was to separate from Mr. West, sell off remaining Yeezy products and replace them with other revenue streams, including products from other celebrities, the documents show. The executive board opted to continue its arrangement with Mr. West.

(Emphasis added).

50. The article discussed tensions behind the scenes as a result of West berating adidas staff and engaging in other misconduct, and also revealed that West made anti-Semitic comments

in front of adidas staff, including his desire to name an album after Adolf Hitler. In pertinent part, it stated:

The two sides extended their partnership, adding staff and items to the Yeezy product line, which became central to Adidas's sales growth. *There were tensions behind the scenes. Current and former employees said Mr. West berated staff in front of colleagues and sometimes watched pornography at work, which was escalated to human resources in 2018. He also occasionally made anti-Semitic comments in front of Adidas staff, including in 2018 when he suggested naming an album after Hitler, they said.* [. . .]

(Emphasis added).

51. On this news, ADDYY fell \$2.02 per ADR, or 3.13%, to close at \$62.34 on November 28, 2022. ADDDF fell \$0.81 per ADR to close at \$126.44 on November 28, 2022, and then \$0.44 per ADR to close at \$126.00 on November 29, 2022, a 1% decline.

52. Then, on February 9, 2023, adidas warned that it could shift from a profit to a loss if it should fail to sell its inventory of Yeezy shoes, following its termination of the Partnership. Specifically, it said that it expected sales to fall at a high single-digit rate in currency-neutral terms because of the "significant adverse impact of not selling the existing stock" of Yeezy products. Failure to sell the stock of Yeezy's (valued at 1.2 billion euros) would accordingly lower Company revenue by 1.2 billion euros (or about \$1.29 billion), and operating profit by 500 million euros."

53. Further, the Company stated "[s]hould the company irrevocably decide not to repurpose any of the existing Yeezy product going forward, this would result in the write-off of the existing Yeezy inventory and would lower the company's operating profit by an additional € 500 million this year. In addition, adidas expects one-off costs of up to € 200 million in 2023. These costs are part of a strategic review the company is currently conducting aimed at reigniting profitable growth as of 2024. If all these effects were to materialize, the company would expect to report an operating loss of € 700 million in 2023."

54. Current CEO Bjørn Gulden commented, “[t]he numbers speak for themselves. We are currently not performing the way we should[.] 2023 will be a year of transition to set the base to again be a growing and profitable company. We will put full focus on the consumer, our athletes, our retail partners and our adidas employees. Together we will work on creating brand heat, improve our product engine, better serve our distribution and assure that adidas is a great and fun place to work. adidas has all the ingredients to be successful: A great brand, great people, fantastic partners and a global infrastructure second to none. We need to put the pieces back together again, but I am convinced that over time we will make adidas shine again. But we need some time.”

55. On this news, ADDYY fell \$7.4, or 8.96%, to close at \$75.16 on February 9, 2023. On February 10, ADDYY fell another \$0.55, or 0.73%, to close at \$74.61. ADDDF fell \$21.83, or 13.22%, to close at \$143.23 on February 9, 2023.

56. Then, on February 21, 2023, S&P Global announced that it was downgrading adidas to “‘A-/A-2’ From A-1’ On Deteriorating Credit Metrics; Outlook Negative.” In announcing this downgrade, S&P Global stated the following, in pertinent part, regarding the Partnership:

Ending the Yeezy partnership with Mr. West will have a stronger-than-expected hit on the group's operating performance in 2023. On Feb. 9, Adidas communicated that terminating the partnership will lower 2023 sales by €1.2 billion and operating profit by €500 million compared with 2022. The company now expects for 2023 the top line will decline 7%-9% on an organic basis, with reported underlying operating profit at break-even. This estimate is materially worse than our previous base-case scenario. Based on our previous conversations with management, we expected Adidas could have rebranded a portion of the collection thanks to the legal protection on the design rights, which the group owns. However, the company's latest guidance factor in the scenario of not selling any existing Yeezy stock. We understand the company continues to review options for using the Yeezy inventory, and we expect a decision in the next few months. According to the group, should Adidas decide not to repurpose any Yeezy products, this would result in the write-off (noncash) of about €500 million, affecting group EBITDA. This strategy will have the benefit of cleaning the distribution channel and support Adidas' launch of new collections. However, given how profitable the Yeezy partnership has become over the past seven years, it will take time for the company to restore its revenues and EBITDA base close to 2019 levels.

57. On this news, ADDYY fell \$3.56, or 4.62%, to close at \$73.59 on February 21, 2023, and ADDDF fell \$4.85, or 3.17%.

58. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's common shares, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

59. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other than defendants who acquired adidas securities publicly traded on the OTC markets during the Class Period, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of adidas, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

60. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, adidas securities were actively traded on the OTC Market. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

61. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

62. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

63. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the Exchange Act was violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and financial condition of adidas;
- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Defendants caused adidas to issue false and misleading filings during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false filings;
- whether the prices of adidas securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

64. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

65. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- adidas shares met the requirements for listing, and were listed and actively traded on the OTC, an efficient market;
- As a public issuer, adidas filed periodic public reports;
- adidas regularly communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- adidas' securities were liquid and traded with moderate to heavy volume during the Class Period; and
- adidas was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

66. Based on the foregoing, the market for adidas securities promptly digested current information regarding adidas from all publicly available sources and reflected such information in the prices of the shares, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

67. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

COUNT I

**For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder
Against All Defendants**

68. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

69. This Count asserted against Defendants is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

70. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

71. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of adidas securities during the Class Period.

72. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of adidas were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by

virtue of their receipt of information reflecting the true facts of adidas, their control over, and/or receipt and/or modification of adidas' allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning adidas, participated in the fraudulent scheme alleged herein.

73. Individual Defendants, who are the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other adidas personnel to members of the investing public, including Plaintiff and the Class.

74. As a result of the foregoing, the market price of adidas securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of adidas securities during the Class Period in purchasing adidas securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

75. Had Plaintiff and the other members of the Class been aware that the market price of adidas securities had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased adidas securities at the artificially inflated prices that they did, or at all.

76. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

77. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the Plaintiff and the other members

of the Class for substantial damages which they suffered in connection with their purchase of adidas securities during the Class Period.

COUNT II
Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

78. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

79. During the Class Period, the Individual Defendants participated in the operation and management of adidas, and conducted and participated, directly and indirectly, in the conduct of adidas' business affairs. Because of their senior positions, they knew the adverse non-public information about adidas' false financial statements.

80. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to adidas' financial condition and results of operations, and to correct promptly any public statements issued by adidas which had become materially false or misleading.

81. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which adidas disseminated in the marketplace during the Class Period concerning adidas' results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause adidas to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of adidas within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of adidas securities.

82. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by adidas.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of itself and the Class, prays for judgment and relief as follows:

(a) declaring this action to be a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating Plaintiff's counsel as Lead Counsel;

(b) awarding damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

(c) awarding Plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) awarding Plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: April 28, 2023

RANSOM, GILBERTSON, MARTIN &
RATLIFE, LLP

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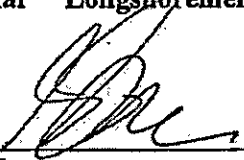
CERTIFICATION

The undersigned, on behalf of the Hampton Roads Shipping Association – International Longshoremen’s Association (“HRSA-ILA”), hereby certify, as to the claims asserted under the federal securities laws, that:

1. I have reviewed a complaint and authorize the filing thereof and the filing of a lead plaintiff motion on behalf of HRSA-ILA.
2. HRSA-ILA did not engage in transactions in the securities that are the subject of this action at the direction of plaintiff’s counsel or in order to participate in this or any other litigation under the securities laws of the United States.
3. HRSA-ILA is willing to serve as a lead plaintiff either individually or as part of a group. A lead plaintiff is a representative party who acts on behalf of other class members in directing the action, and whose duties may include testifying at deposition and trial.
4. Schedule A hereto, is a list of all of the purchases and sales HRSA-ILA has made in adidas AG securities during the class period.
5. HRSA-ILA has not, within the three years preceding the date of this certification, sought to serve or served as a representative party on behalf of a class in an action involving alleged violations of the federal securities laws, except for the following company(ies):
6. HRSA-ILA will not accept any payment for serving as a representative party beyond its pro rata share of any recovery, except reasonable costs and expenses, such as travel expenses and lost wages directly related to the class representation, as ordered or approved by the court pursuant to law.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 28th day of April, 2023.

Hampton Roads Shipping Association–
International Longshoremen’s Association
Funds

Signature: 
BY: Steve Greene
TITLE: Administrator

SCHEDULE A

Class Period Transactions- May 3, 2018 through February 21, 2023

Purchases:

Date	Shares	Price
1/27/2022	1,298	\$136.44
3/1/2022	1,200	\$113.28
3/21/2022	339	\$117.93

Sales:

Date	Shares	Price
12/6/2022	2837	\$62.43

EXHIBIT 3



BUSINESS INSIDER

Nike execs warned Adidas that Kanye West was difficult to work with – but the sportswear brand partnered with him anyway, a report says

74

Grace Dean

Thu, May 25, 2023 at 6:33 AM PDT · 2 min read



Adidas and Ye announced their partnership in late 2013, and their first sneaker together came out in 2015. Jonathan Leibson/Getty Images

- Adidas ignored warnings from Nike that Kanye West was difficult to work with, Bloomberg reported.
- West started selling Yeezy sneakers with Nike in 2009, before later partnering with Adidas.
- Over the course of Adidas' partnership, West's behavior became increasingly erratic.

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had already worked with Nike to develop the Air Yeezy range, with the first sneakers hitting shelves in 2009. But their partnership came to an end just four years later when Ye said that Nike had refused to pay him royalties on Yeezy sales because he wasn't a professional athlete. Nike released its final collaboration sneaker with the rapper in February 2014, and the \$245 shoes reportedly sold out in just 11 minutes.

Adidas and Ye announced their partnership in late 2013, and their first sneaker together came out in 2015. The deal helped boost sales and market share for the brand, which had previously been struggling to compete with Nike and Reebok.

But over the course of their partnership, Ye's behavior became increasingly erratic. Adidas staff were concerned about the rapper's actions for years, but the company's reliance on his sneaker range meant execs were reluctant to take action, per Bloomberg's report.

The tension came to a head in October 2022, when Ye wore a shirt with the words "White Lives Matter," which he said was "funny," and posted an antisemitic tirade on Twitter. After a string of other companies cut ties with Ye, Adidas finally followed suit on October 25, leaving the company with a mountain of unsold Yeezy stock worth around 1.2 billion euros (\$1.3 billion) and a huge black hole in its sales.

Adidas has said that it will begin selling some of the remaining Yeezy inventory in late May, with a "significant amount" donated to organizations working to combat discrimination and hate. If it were to write off the sneakers and apparel rather than selling them, this would lower its 2023 operating profits by around 500 million euros (\$536 million), it said.

Nike and Adidas did not immediately respond to Insider's request for comment.

Best Memorial Day Shoe Sales: The 12 Best Deals on Men's Sneakers at Nordstrom, Adidas, Nike & More

Billboard



This is a slam dunk if you need a balance transfer

Ad • The Motley Fool



Adidas' Memorial Day sitewide sale rocks! Ultraboot, Cloudfoam and more sneakers are up to 55% off

Yahoo Life Shopping



Adidas Denies Claims It's Still Selling Cleats Made From Kangaroo Leather in California

Footwear News

